

1998 Disabled Access Credit for Eligible Small Businesses**3548**

Attach to your California tax return.

Name(s) as shown on return

Social security or California corporation number

Address of facility (number and street)

FEIN

City or town

State

ZIP Code

1	Eligible access expenditures. See instructions	1		
2	Maximum amount of eligible access expenditures	2	\$250	00
3	Enter the smaller of line 1 or line 2	3		
4	Current year credit. Multiply line 3 by 50% (.50)	4		
5	Pass-through disabled access credit(s) from Schedule(s) K-1 (100S, 541, 565 or 568). See instructions	5		
6	Total current year disabled access credit. Add line 4 and line 5, but do not enter more than \$125.	6		
7	Credit carryover from prior year	7		
8	Total available disabled access credit. Add line 6 and line 7	8		
9	Enter the amount of credit claimed on the current year tax return	9		
Caution: This amount may be less than the amount on line 8 if your credit is limited by tentative minimum tax (TMT) or your tax liability. See the instructions for line 9.				
10	Credit carryover available for future years. Subtract line 9 from line 8	10		

General Information

California allows a disabled access credit that is similar to the federal disabled access credit under Internal Revenue Code (IRC) Section 44, with exceptions. Unless specifically identified otherwise, references in these instructions are to the IRC as of January 1, 1998, and to the California Revenue and Taxation Code (R&TC).

A Purpose

Eligible small businesses use form FTB 3548 to figure and claim a credit for expenditures to provide access to disabled individuals. Also use this form to claim pass-through disabled access credits received from S corporations, estates or trusts, partnerships or limited liability companies (LLCs) taxed as partnerships.

S corporations, estates or trusts, partnerships and LLCs taxed as partnerships should complete form FTB 3548 to figure the amount of credit to pass through to shareholders, beneficiaries, partners or members. Attach this form to Form 100S, Form 541, Form 565 or Form 568. Show the pass-through credit for each shareholder, beneficiary, partner or member on Schedule K-1 (100S, 541, 565 or 568).

B Description

The amount of California credit allowed an eligible small business is 50% of the qualified expenditures that do not exceed \$250 per taxable or income year. Therefore, the maximum credit per eligible small business per taxable or income year is \$125.

C California and Federal Differences

The federal disabled access credit under IRC Section 44 and the California disabled access credit under R&TC Sections 17053.42 and 23642 are generally the same, except that:

- The California credit is based on 50% of the eligible access expenditures up to \$250. The federal credit

is based on 50% of the eligible access expenditures that exceed \$250 up to a maximum of \$10,250.

- The California credit may be carried over until exhausted. The federal credit is one of the general business credits and is subject to the limitations imposed by IRC Section 38.

D Qualifications

To qualify for the disabled access credit, you must be an **eligible small business** that complies with the federal Americans With Disabilities Act of 1990 (Public Law 101-336) by paying or incurring eligible access expenditures for taxable or income years beginning on or after January 1, 1996.

E Definitions

Eligible small business means any business or person that:

- Had gross receipts for the preceding taxable or income year that did not exceed \$1 million, **or** if gross receipts exceeded \$1 million, employed no more than 30 full-time employees during the preceding taxable or income year; **and**
- Elects to claim the disabled access credit for the taxable or income year by filing form FTB 3548.

For purposes of the definition of an eligible small business:

- Gross receipts are reduced by returns and allowances made during the taxable or income year.
- An employee is considered full-time if employed at least 30 hours per week for 20 or more calendar weeks in the taxable or income year.
- Generally, all members of the same controlled group and all persons under common control are considered to be one person. See IRC Section 44(d)(2)(A).

Eligible access expenditures are the amounts paid or incurred by the eligible small business to comply with applicable requirements under the Americans With Disabilities Act of 1990. Eligible access expenditures include amounts paid or incurred to:

1. Remove architectural, communication, physical or transportation barriers which prevent a business from being accessible to or usable by individuals with disabilities, but only in connection with a facility first placed in service before November 6, 1990 (the effective date of the Americans With Disabilities Act of 1990);
2. Provide qualified interpreters or other methods of making audio materials available to hearing-impaired individuals;
3. Provide qualified readers, taped texts and other methods of making visual materials available to individuals with visual impairments;
4. Acquire or modify equipment or devices for individuals with disabilities; or
5. Provide other similar services, modifications, materials or equipment.

The expenditures must be reasonable and necessary to accomplish the above purposes. See IRC Section 44(c) for further details.

Disability for an individual (under the definition used in the Americans With Disabilities Act of 1990) means:

1. A physical or mental impairment that substantially limits one or more of the major life activities of that individual;
2. A record of an impairment described in 1 above; or
3. Being regarded as having an impairment described in 1 above.

F Limitations

The amount of credit generated for any taxable or income year is limited to \$125. This limitation applies at the entity level (for S corporations) as well as to each shareholder. S corporations may claim only 1/3 of the credit (not to exceed \$41.67) against the 1.5% entity-level tax (3.5% for financial S corporations). In addition, S corporations can pass through 100% of the credit (not to exceed the \$125 limitation) to their shareholders.

If a taxpayer owns an interest in a disregarded business entity, the credit amount received from the disregarded entity that can be utilized is limited to the difference between the taxpayer's regular tax figured with the income of the disregarded entity, and the taxpayer's regular tax figured without the income of the disregarded entity. **Note:** If the disregarded entity reports a loss, the taxpayer may not claim the credit this year but can carry over the credit amount received from the disregarded entity.

This credit cannot reduce the minimum franchise tax (corporations, limited partnerships, limited liability partnerships, LLCs and S corporations), the alternative minimum tax (corporations, exempt organizations, individuals and fiduciaries), the built-in gains tax (S corporations) or the excess net passive income tax (S corporations). This credit cannot reduce regular tax below TMT. See Schedule P (100, 540, 540NR or 541) for more information.

This credit is taken in lieu of any deduction or credit otherwise allowable for the same eligible access expenditures. Any deduction allowed for these same expenditures must be reduced by the amount of credit claimed for the current taxable or income year (the amount shown on line 9).

Taxpayers that claim this credit cannot increase the basis of property, with respect to the eligible access expenditures paid or incurred in connection with such property, by the amount of credit claimed for the current taxable or income year (the amount shown on line 9).

This credit is not refundable.

Corporate Members of a Unitary or Combined Group

This credit cannot be allocated or otherwise transferred to another taxpayer, even if the other taxpayer is a member of a unitary or combined group or otherwise affiliated with the taxpayer that earned the credit.

G Carryover

If the available credit exceeds the current year tax, the unused credit may be carried over to succeeding years until exhausted. Apply the carryover to the earliest taxable or income year(s) possible. In no event can the credit be carried back and applied against a prior year's tax.

Specific Line Instructions

Line 1 – Enter the total eligible access expenditures paid or incurred during the taxable or income year beginning on or after January 1, 1998.

Line 5 – If you received more than one pass-through credit from S corporations, estates or trusts, partnerships or LLCs taxed as partnerships, add the amounts and enter the total on line 5. Attach a schedule showing the names and identification numbers of the entities from which the credits were passed through to you.

Line 9 – The amount of this credit you can claim on your tax return may be limited further (in addition to the maximum credit limitation). Refer to the credit instructions in your tax booklet for more information. These instructions also explain how to claim this credit on your tax return. You must use credit code number **205** when you claim this credit. Also see General Information F, Limitations.